

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 6th Meeting of the 2003 Calendar Year

October 24, 2003

The 6th meeting of the Capital Planning Advisory Board was held on Friday, October 24, 2003, at 9:00 AM, in Room 327 of the Capitol. Senator Albert Robinson, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Perry Clark, Co-Chair; Senator Paul Herron Jr.; Representative Ron Crimm; James Deckard; Bill Hintze; Sherron Jackson; Lou Karibo; Cicely Lambert; William May; Laurel True; Garlan Vanhook; and Judge William Wehr.

Guests Appearing Before the Board: Jamie Link, Acting Commissioner, and Joe Meyer, Associate Director for Architectural Services, Division of Engineering, Department for Facilities Management; Charlie Harman, Workforce Development Cabinet; James Street, Eastern Kentucky University; Louis Seelbach, Kentucky Department of Veterans Affairs; Debbie Shields and Pam Jarvis, Department of Juvenile Justice; Paul Johnson, Revenue Cabinet; and Doug Robinson, Governor's Office for Technology.

LRC Staff: Pat Ingram, Mary Lynn Collins, Nancy Osborne, and Dawn Groves.

Senator Robinson noted that Board member Ben Fletcher continued to suffer from health problems and asked the other members to keep him in their thoughts.

Representative Crimm's motion to approve the October 9, 2003, minutes was seconded by Mr. Hintze and passed by voice vote without objection.

Representative Clark asked Ms. Ingram to review the information item included in the folders. Ms. Ingram stated that at the last meeting Bill Hintze gave a presentation on the state budget and revenue situation the day before the Consensus Forecasting Group (CFG) was to meet. On October 10, the CFG met and revised the projected shortfall for the current fiscal year down from \$274.4 million to \$262 million. The CFG also changed revenue projections for the upcoming biennium based on revised growth rates. Ms. Ingram said the information item includes a comparison of the revised figures and those given to the Board at the last meeting. Mr. Hintze added that the changes were not

significant—a marginal change of two tenths of a percentage shift in what the CFG viewed the current year situation to be compared to what was presented in August.

Representative Clark stated that to meet the November 1 statutory deadline for submission of the *2004-2010 Statewide Capital Improvements Plan* the Board needs to complete its work on the project recommendations. First, the Board must finalize the recommendation for state-funded projects discussed during the previous meeting. He then asked Ms. Ingram to review the Board's progress thus far. Ms. Ingram noted that the narrative portion of this recommendation was essentially the same as before with the addition of language based on previous discussion. The new language stated it may be necessary to address specific needs in a lower priority category before dealing with all of the needs in a higher priority category. Also, additional funding for the previously approved golf course projects was moved to the last priority.

Ms. Ingram said included with this recommendation document are three lists proposed to be inserted into the final recommendation. These lists are a compilation of projects selected in each of the three categories by the Board members. A project's inclusion was dependent on at least four members having selected it. Ms. Ingram clarified that the projects are listed alphabetically only. She said the first list addressed Capital Renewal and Major Maintenance projects; they range from specific items to total building renovations. She noted that the project to Restore/Renovate Kentucky Capitol Complex is for design funding only. Ms. Ingram reminded the Board that in this recommendation, separate from the capital renewal and major maintenance project list, are two projects relating to the long range plan for housing state offices in Frankfort—Renovation of the State Office Building and Design of the Capital Plaza Tower renovation.

Ms. Ingram said the second list, information technology projects, contained 13 items, including three relating to the Unified Criminal Justice Information System. The largest project on the list is the Personnel Cabinet's proposal to replace the Commonwealth's Personnel Payroll System.

The third list, Ms. Ingram stated, contains 16 Other Construction projects. She said the major projects listed include two proposed research buildings—one each for the University of Kentucky and the University of Louisville.

Ms. Ingram noted that two projects (Northern Kentucky University's Old Science Building Renovation and the Kentucky State Fair Board's Renovate East Wing/Hall Project) originally on the Other Construction list based on the category assigned by the agency, should have been on the Capital Renewal and Maintenance list. Therefore, they were moved to the appropriate list.

Mr. Deckard moved that the Board amend the court project recommendation amount to \$150 million which would add funding for the Washington, Livingston, Grant, Jackson, Robertson, Gallatin, and Pendleton County court projects. Senator Robinson seconded the motion adding that this amendment does not change the priority of court projects recommendations. The motion was approved.

Representative Clark said before taking final action on the overall plan the Board needed to address a proposal for resolving the issue of conflicts between the Board's calendar for making its planning recommendations and the Council on Postsecondary Education's (CPE) budget recommendation calendar. Representative Clark asked Ms. Ingram to review the proposed recommendation. Ms. Ingram reminded the Board that this issue was discussed at the July two-day meeting. She said the calendar differences have made it difficult for the CPE to provide input on a timely basis to use in the development of the statewide plan. She noted that, while there have been some preliminary discussions between the CPAB and CPE staff, there has not been enough time to finalize a resolution. The recommendation is to direct that a proposed resolution—to be developed by CPAB and CPE leadership—be presented for CPAB consideration no later than July 1, 2004.

Mr. Hintze seconded Representative Crimm's motion to approve the recommendation. The motion was approved by voice vote without objection.

Representative Clark said the next issue before the Board is review of, and final action on, the *2004-2010 Statewide Capital Improvements Plan*. He asked Ms. Ingram to review the draft plan document. Ms. Ingram stated that staff is currently working on the publishing aspects of the actual document. She said included in the final plan is a two-page executive summary that provides context for the rest of the plan, such as a description of the state's physical plant and the volume of needs that were submitted in the agency plans. It also provides an overview of the Board and the planning process.

Ms. Ingram said the next section contains the nine Policy Recommendations: 1) Financing Major Capital Renewal and Maintenance; 2) Funding Agency Maintenance Pools; 3) Implementing the Real Properties/Facilities Management Database; 4) Replenishing the Budget Reserve Trust Fund; 5) Using the Contingency Fund for Moving Expenses; 6) Continuing Development of the Long-Range Plans for Housing State Agencies; 7) Studying the Operations and Administrative Placement of Bluegrass Station; 8) Studying Alternatives to Incarceration; and 9) Allocating "New Economy" Project Funds.

The next section, Ms. Ingram continued, will include the three Project Recommendations: 1) Projects to be Financed from State Funds; 2) Projects to Reduce State Leasing of Space and Facilitate Agency Consolidations; and 3) Projects to be

Financed from Other than State Funds. A brief description of each recommended project, taken from the agency plans, will also be included.

Following the recommendation section is a report on the Status of Major State-Funded Projects. Ms. Ingram explained that these projects were either completed since the 2001 plan submissions or are still underway. Included is the status of each project as of October 15, and if appropriate, its estimated completion date.

Ms. Ingram noted, in terms of volume, the largest portion of the statewide plan will be the Comprehensive Listing of Proposed Projects. It will include each cabinet, agency, or postsecondary institution's entire list of proposed projects—for both state funds and nonstate funds. Ms. Ingram said a note will be included in the published plan stating that brief descriptions of all proposed projects will be available on the CPAB website.

Ms. Ingram said the appendices of the plan will include a copy of the Board's statutes and copies of the reports and recommendations provided to the Board by the state's Chief Information Officer and by the Council on Postsecondary Education. In conclusion, Ms. Ingram said that upon approval by the Board, the plan information just reviewed is the material that will be transmitted to the heads of the three branches of government pursuant to KRS Chapter 7A.

There being no discussion, Mr. Hintze made a motion to approve the *2004-2010 Statewide Capital Improvements Plan* document as presented. Senator Herron seconded the motion, which passed by a roll call vote (13 Yeas, 0 Nays, 0 Pass).

Representative Clark thanked the Board members for their participation, especially new members involved in their first planning process. He also thanked the state agencies that worked with the Board during the planning process, and the Chief Information Officer and the Council on Postsecondary Education staff who prepared special reports for the Board. In conclusion, he thanked the LRC information technology staff who developed the new web-based system for the planning process.

Representative Clark said the Board has developed a final plan that reflects its belief that the state must be a good steward of funds provided by the taxpayers and of the assets that have been acquired with those funds. He stated the Plan deals with items such as buildings, technology, and equipment, but those items are not an end unto themselves. They are important tools to allow for the delivery of services to Kentucky's citizens in the best and most efficient way possible.

Representative Clark reiterated there are no new initiatives in the plan. Instead, the focus continues on providing the facilities, technology, and equipment to continue the services for Kentucky's citizens, with a high priority on maintenance. He said other

policy recommendations call for continuing initiatives that began as recommendations of the Board in prior plans. These include the statewide facilities database, and the long-range plans for Frankfort and the metropolitan areas of the state.

Finally, he thanked staff for a job well done.

Senator Robinson said he agreed with Representative Clark and thanked the Board for its hard work. He said he supported and urged more legislative participation in the capital planning process.

Next, Representative Clark noted that following the meeting the Board would have an opportunity to tour the new Transportation Cabinet Office Building. He introduced Jamie Link, Acting Commissioner, Department for Facilities Management (DFM), and Joe Meyer, Associate Director for Architectural Services, Division of Engineering, to provide a brief overview of that capital project.

Mr. Link said the six-story, 450,000 square foot (SF) office building is the first to be built in Frankfort in several years. Accommodating 1,300-1,400 employees, it also includes a parking structure and a central utilities plant located behind the State Office Building. The utilities plant will service other downtown state buildings as a major utilities loop in the future. The project was authorized in 1998 for \$87 million including \$18.9 million from the former State Office Building asbestos abatement/renovation project. An additional \$7.5 million was provided in 2000 for unanticipated property acquisitions, additional drainage needs and inflationary factors. An additional \$20.7 million was added for a 450,000 SF, 1,500-space parking structure. In December 2001, Messer Construction was awarded the contract for the project, and construction began February 2002. To date, Mr. Link said, it has been a very successful project. He noted that a project of this magnitude involves a lot of people, and those people have worked hard to make it a success. Mr. Link specifically recognized Joe Meyer and Terry Parker of the Division of Engineering for their hard work.

Mr. Link noted there were a couple of issues along the way. First, a cemetery was found onsite during excavation. The 263 sets of remains found were removed and taken to the University of Kentucky; they will be re-interred in a suitable location as part of the project. That location, as yet, is undetermined. A second issue is that recently the computer cabling was found not to meet performance specifications. The contractor was asked to replace the cabling; that work began October 23. The building's anticipated completion date is now mid-January 2004, with final completion in mid-February 2004. Current plans are to begin moving people in during December 2003.

Mr. Link noted that this is the first step of the Finance Cabinet's long-range plan for Frankfort, which includes renovating the State Office Building after it is vacated by Transportation Cabinet employees. During this time DFM will be designing the

renovation of the Capital Plaza Tower (CPT). When the State Office Building renovation is completed, CPT occupants will move into that newly renovated space. Then the CPT would be renovated while renovation of half of the Cabinet for Human Resources (CHR) complex is being designed. Next, the second half of the CHR complex will be renovated. It will then be available to house state employees currently in leased space. This final action will accomplish the goal of reducing the amount of space being leased by the state in Frankfort.

Mr. Meyer added that all of the utilities in the Mero Street area have been completely replaced. He noted that the storm sewer system was completely replaced. Therefore, the State Office Building will no longer flood during very heavy rains.

Mr. Link said two contracts were recently awarded for public art to be placed outside the building.

Representative Crimm asked why the Transportation Building was built in the flood plain. Mr. Link replied that the Frankfort floodwall has alleviated a lot of the flooding problems in downtown Frankfort. He said the facility was placed downtown as part of the Governor's Downtown Revitalization Program. Mr. Meyer clarified that the area he referred to as flooding was the Holmes Street area—a separate project from the Transportation Building. He said the Transportation Building site does not currently flood due to the floodwall.

Representative Clark said the Board would not meet again until after the 2004 Legislative Session.

There being no further business, Mr. Karibo's motion to adjourn was seconded by Representative Crimm and approved by voice vote. The meeting adjourned at 9:45 AM, after which members reassembled at the new Transportation Office Building for a tour of the project.